



# AFM INDUSTRIES, INC.

## PURCHASE ORDER QUALITY CLAUSES

### **Purpose:**

To assure minimum customer requirements are communicated to the supply chain when goods or services are procured.

### **Application:**

AFM Industries, Inc. purchase orders shall flow-down requirements to its sub-tier suppliers and/or process suppliers by using the follow alphanumeric “quality clauses” when purchasing services and/or goods from outside suppliers

#### ❖ **AQ1 – CERTIFICATE OF CONFORMANCE (C OF C)**

- A Certificate of Conformance attesting compliance to all related specifications and/or general requirements must accompany services and/or goods procured under this purchase order.

#### ❖ **AQ1A – CERTIFICATE OF CONFORMANCE SPECIAL TESTING**

- Services and/or Tests requiring special handling, which cannot be objectively evidenced through normal inspection verification, will require separate and special Certification of Conformance forms. The nature and type of C of C will be either a vendor or AFM form detailing all necessary information. Examples: Vacuum testing at temperature. Proof-load testing at vendor. Contact cognizant AFM personnel for specific information if not clearly stated in body of purchase order.

#### ❖ **AQ2 – INSPECTION AND TEST RECORDS**

- Dimensional characteristics produced in part or in whole of this purchase order shall be recorded on inspection forms and shall accompany the products at time of shipment. Unless otherwise specified, all dimensions and as applicable critical items including key characteristics, will be recorded 100% actual for each character and each individual part. No sampling allowed. All dimensions shall bear the stamp of a quality assurance representative.
- Test records of any process that are performed under the purchase order are to be documented and shall accompany all products at time of shipment and shall bear the stamp of qualified personnel performing test.

#### ❖ **AQ3 – MATERIAL TEST REPORTS AND TRACEABLE DOCUMENTATION**

- All deliverable products shall have a material test report containing the chemical composition and physical properties of raw materials used in fabrication of products under purchase orders. These records must objectively maintain traceable documentation to final product, including all heat lot, serial numbering and record retention throughout the entire manufacturing process.

#### ❖ **AQ4 – PART MARKING**

- All details and/or assemblies shall be part marked according to drawing and/or specifications referenced.



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### ❖ **AQ4A – TEMPORARY PART MAKING**

- Each article of purchase order shall have temporary identification applied at time of shipment. The method of identification shall be of a nature, which is secure, yet can be easily removed by personnel without mechanical means. The preferred default method shall be the use of tags, which contain pertinent information to the detail and/or assembly.
- The minimum information temporary identification should contain shall be as follows:
  1. Purchase order number. (Item no. if applicable)
  2. Main tool number. (parent tool)
  3. Detail or assembly number.
  4. Quantity of pieces being delivered.

### ❖ **AQ5 – MANDATORY SOURCE INSPECTION**

- Source inspection shall be performed at supplier facility prior to shipment of final product. When applicable any in-process operations to occur before final shipment shall be source inspected prior to final buy-off. Anticipation of pending source shall be given to **AFM** representative a minimum of 24 hours prior to in-process or final inspection of purchase item(s).
- All items shipped under the purchase order shall bear the stamp or signature of source representative authorizing shipment.
- All pertinent customers of AFM reserve the right to be present during any source inspection performed per this clause.

### ❖ **AQ6 – OPTIONAL SOURCE INSPECTION**

- **AFM** reserves the right to inspect, at supplier's facility, any product under the purchase order. **AFM** shall contact supplier to confirm or waive source requirements. In the event that contact has not been made between **AFM** and supplier before time of completion, or interim inspection, the supplier is authorized to ship product to **AFM**, provided the requirements of clauses **AQ1** and **AQ2** are fulfilled and accompany shipment.
- All pertinent customers of **AFM** (including Government representatives) reserve the right to be present during any source inspection performed per this clause.

### ❖ **AQ7 – MANDATORY GOVERNMENT SOURCE INSPECTION**

- Government source inspection (GSI) is required and shall be performed at supplier's facility prior to shipment. As directed by **AFM** / **GSI** any in-process inspection is also mandated by this clause. A minimum of **48-hrs** notice to **AFM**, prior to inspection, is required when this clause is invoked. Supplier shall provide evidence of **GSI** source inspection with each shipment.

### ❖ **AQ8 – RIGHT OF ENTRY**

- **AFM**, their pertinent customers, and authorities (including Government representatives) reserve the Right-Of-Entry into a supplier organization, at any level of the supply chain, to determine and



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verify quality of work at any and all stages of production. All information, including digital information, records, logs, inspection tests and any other data are subject to review by AFM and their customers.

### ❖ **AQ9 – SUPPLIER SURVEY**

- The supplier's Quality Assurance system is subject to an initial survey and approval by AFM and/or their customers. Subsequent review of supplier and/or processors may be conducted before or after issuance of purchase order. Deficiencies identified as a result of a survey shall be noted and follow-up activities taken to ensure proper corrective actions have been implemented.

### ❖ **AQ9A – SUPPLIER QUALITY SYSTEM**

- The Supplier must be able to maintain a Quality System that meets or exceeds industry standards and ensures adequate product conformance. It is preferable that Suppliers are able to maintain a Quality System that meets or exceeds ISO 9001 and/or AS9100 (current revision).

### ❖ **AQ10 – SUPPLIER PROCESS APPROVAL**

- All processes used in conjunction with the purchase order are subject to approval through *AFM* and/or their customers.

### ❖ **AQ11 – SUPPLIER SUB-TIER APPROVAL**

- All material, supplies and services not supplied to vendor by *AFM* must be obtained from *AFM* approved source prior to start of effort. Substitutions may be made only with written approval provided from *AFM*.

### ❖ **AQ12 – MANUFACTURING PROCESS PLAN APPROVAL (MPPA)**

- Vendors elected to perform processes under purchase order, including any sub-tiers there-of, must submit a manufacturing / process plan for approval from *AFM* prior to the start of process.
- Any changes in **MPP** must be submitted to *AFM* and approved prior to continuing efforts.
- Note: Materials or items that pose lengthy lead-time to acquire may be purchased prior to final approval of **MPPA** only with written consent from *AFM*.

### ❖ **AQ13 – CALIBRATION**

- Supplier's calibration system shall meet the requirements of MIL-STD-45662, ISO 10012 or ANSI/NCSL Z540-1 as applicable. All calibration standards will be traceable to NIST.

### ❖ **AQ13A – SUPPLIER CALIBRATION**

- All test and measurement equipment used in the performance of purchase order shall be calibrated and traceable to known standard per test methods approved and set-forth by *AFM* and their customer requirements. In the event the requirements are not stated on purchase order, the methods and/or specifications of the supplier's internal calibration system shall be deemed acceptable.



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### ❖ **AQ14 – NON-CONFORMING PRODUCT**

- Any deviation from product specifications or drawing requirements shall be documented and submitted to *AFM* in a timely manner for disposition and shipping instructions.

### ❖ **AQ15 – ELECTRONIC INSPECTION DATA**

- All electronic data used to record and inspect products under purchase order shall be captured on a transfer media compatible with *AFM* specified methods.
- Unless otherwise specified, normal default method shall be a CD type disc written in either Excel or a CSV format with the nominal – actual – deviation recorded.

### ❖ **AQ16 – PROPRIETARY AGREEMENT**

- All drawings, specifications, technical Information and electronic definition used in conjunction with purchase order are considered confidential and proprietary to *AFM* and its customers.
- No unauthorized reproduction of media is allowed in any form other than that intended to produce product and/or services directly associated with purchase order.

### ❖ **AQ17 – FIRST ARTICLE INSPECTION**

- Supplier shall perform a First Article Inspection on all items of the purchase order in accordance with the requirements set forth. Supplier shall forward a copy of the FAI report to *AFM*'s Quality Control manager for review, prior to the continuation of any production runs. Supplier shall notify *AFM* 24 hours prior to estimated completion of FAI.

### ❖ **AQ18 – RETENTION OF RECORDS**

- Supplier shall retain all viable quality and/or test records in accordance with this order and make readily available to *AFM*, or its customer, upon request for a period of no less than ten (10) years after date of delivery, unless otherwise stated.

### ❖ **AQ19 – DFARS 252.225-7014 Preference for Domestic Metals.**

- Specialty metals incorporated in articles delivered in fulfillment of this contract shall be melted in the United States unless allowed otherwise by DFARS 252.225-7014 Alternate I.
- The following Defense Federal Acquisition Regulation Supplement (DFARS) requirement applies to this agreement, and is binding on supplier and each of its subcontractors: 252.225-7014 Preference for Domestic Specialty Metals (Alternate I). The supplier shall include the terms of this clause in every subcontract or purchase order awarded under this contract in accordance with DFARS 252.225-7014 Alternate I.

### ❖ **AQ20 – CUSTOMER REQUIREMENT FLOW DOWN TO SUB-TIER SUPPLIERS.**

- ALL *AFM* Sub-Tier Suppliers shall comply with *AFM* Industries' Customer Contractual Agreements. These Requirements shall be flowed down to all Sub-Tier Suppliers of *AFM*, as applicable. Including Lockheed Martin Quality Appendices located at:



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[http://www.lockheedmartin.com/us/aeronautics/materialmanagement/scm-quality/scm-quality\\_qualityappendices.html](http://www.lockheedmartin.com/us/aeronautics/materialmanagement/scm-quality/scm-quality_qualityappendices.html)

❖ **AQ21 – LOCKHEED P.O. REQUIREMENT FLOW DOWN TO SUB-TIER SUPPLIERS  
QCS-001 APPENDIX QJ.**

“Processing to be accomplished in performance of this purchase order is directly related to a Lockheed Martin Aeronautics Company purchase order and must be accomplished in accordance with process specification(s) on this purchase order and the revision in effect as of the date of this PO of Lockheed Martin Aeronautics Company Appendix QJ. All requirements of such Appendix QJ paragraph 12. a. - f. shall be accomplished.

❖ **AQ22 – SUPPLIER CHANGE OF LOCATION, PROCESS**

- Supplier to notify AFM of a change in product and/or processes, changes of suppliers, or change of manufacturing facility location.

❖ **AQ23 – COUNTERFEIT PARTS PREVENTION**

- Supplier shall establish and maintain a Counterfeit Parts Prevention and Control Plan using Industry Standard AS-5553 as a guideline. The purpose of this document shall be to prevent the delivery of counterfeit parts and control parts identified as counterfeit.

❖ **AQ24 – PRODUCT SAFETY AND ETHICS POLICY**

- The supplier shall plan, implement, and control the processes needed to assure product safety during the entire product life cycle, as appropriate to the organization and the product such as: assessing hazards and management of associated risks, management of safety critical items, analyze and report any occurred events affecting safety of the product, communication of these events and training of persons. Supplier shall be aware of the importance of ethical behavior and maintain an Ethics Policy for employees as it relates to their contribution to product or service conformity and product safety.

**-End of Clauses-**

The following AFM Quality Clauses apply to Purchase Orders for all **Materials**:

AQ1 Certificate of Conformance  
AQ3 Material Certification, Chemical and/or Physical Test Data, Lot Traceability  
AQ8 Right of Entry  
AQ9A Supplier Quality System  
AQ14 Non-Conforming Product/Documentation  
AQ16 Proprietary Agreement  
AQ18 Retention of Records  
AQ19 DFARS  
AQ20 Customer Requirement Flow Down to Sub Tier Suppliers  
AQ22 Supplier Change of Location, Process  
AQ23 Counterfeit Parts Prevention  
AQ24 Product Safety and Ethics Policy

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The following AFM Quality Clauses apply to Purchase Orders for **Outside Processing**:

- AQ1 Certificate of Conformance
- AQ3 Material Certification, Chemical and/or Physical Test Data, Lot Traceability
- AQ8 Right of Entry
- AQ9A Supplier Quality System
- AQ14 Non-Conforming Product/Documentation
- AQ16 Proprietary Agreement
- AQ18 Retention of Records
- AQ19 DFARS
- AQ20 Customer Requirement Flow Down to Sub Tier Suppliers
- AQ22 Supplier Change of Location, Process
- AQ23 Counterfeit Parts Prevention
- AQ24 Product Safety and Ethics Policy

The following AFM Quality Clauses apply to Purchase Orders for **General Purchasing**:

- AQ1 Certificate of Conformance
- AQ8 Right of Entry
- AQ14 Non-Conforming Product/Documentation
- AQ16 Proprietary Agreement
- AQ18 Retention of Records
- AQ22 Supplier Change of Location, Process
- AQ23 Counterfeit Parts Prevention
- AQ24 Product Safety and Ethics Policy

The following AFM Quality Clauses apply to Purchase Orders for **Calibration**:

- AQ1 Certificate of Conformance
- AQ3 Material Certification, Chemical and/or Physical Test Data, Lot Traceability
- AQ8 Right of Entry
- AQ9A Supplier Quality System
- AQ13 Calibration
- AQ14 Non-Conforming Product/Documentation
- AQ16 Proprietary Agreement
- AQ18 Retention of Records
- AQ22 Supplier Change of Location, Process
- AQ24 Product Safety and Ethics Policy